

**ESG**

15 July 2025

**ESG Country Updates****Singapore**

- Singapore's geothermal exploration efforts discovered record subsurface temperatures of 122°C in Sembawang close to the Sembawang Hot Spring, suggesting geothermal energy potential that could contribute to Singapore's future energy mix. This can support the diversification of Singapore's energy mix to include cleaner energy sources and reduce the country's reliance on natural gas. Over time, drilling technologies have been advancing which helps to reduce the cost of constructing deep geothermal systems.
- The Singapore Sustainable Finance Association (SSFA) has released additional guidance on how financial institutions can apply the Singapore-Asia Taxonomy (SAT) to green and transition financing instruments. It offers strategies for aligning with technical screening criteria despite data gaps, recognising enabling and value chain activities that support green and transition activities in the SAT etc. The SSFA seeks to encourage wider adoption of the SAT with the publication, with the aim of strengthening sustainable finance practices and supporting the mobilisation of capital towards a net-zero future.

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- The Sabah State Legislative Assembly passed three Bills to tighten the management of state sales tax, degazette forest reserves for development, and introduce new laws to regulate the carbon credit industry. With the degazettement, Sabah's total Permanent Forest Reserve will shrink by 0.47%, from 3.575 mn hectares to 3.558 mn hectares. The state government aims to establish forest areas of equal size to the cleared forest areas to fulfil its conservation commitments. There are also plans to establish a full carbon governance framework to protect Sabah's status as a net carbon sink, and promote inclusive climate action.

**Rest of the world**


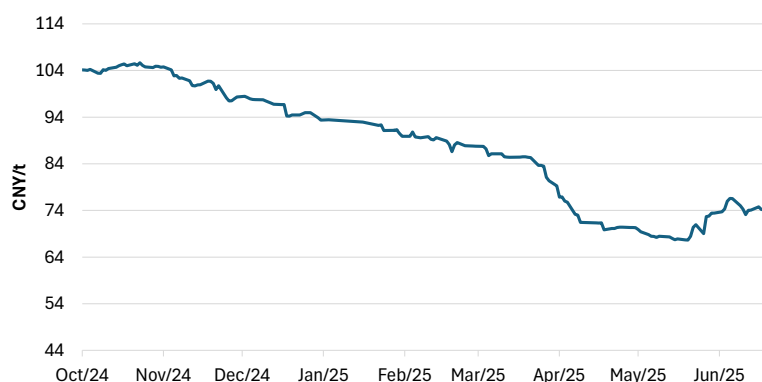

- European countries have demanded more changes to the EU's deforestation regulation, as some producers are unable to meet the terms and face a competitive disadvantage. This is despite the delay of the regulation by a year and simplification of some reporting rules. Agriculture ministers from 18 EU member countries wrote to the EU Commission to demand that the EU rules are not applied to countries categorised under the low-risk category, voicing concerns that European producers would relocate abroad to avoid the additional costs of complying with the rules. In particular, the traceability requirements under the regulation will be difficult for companies to meet.

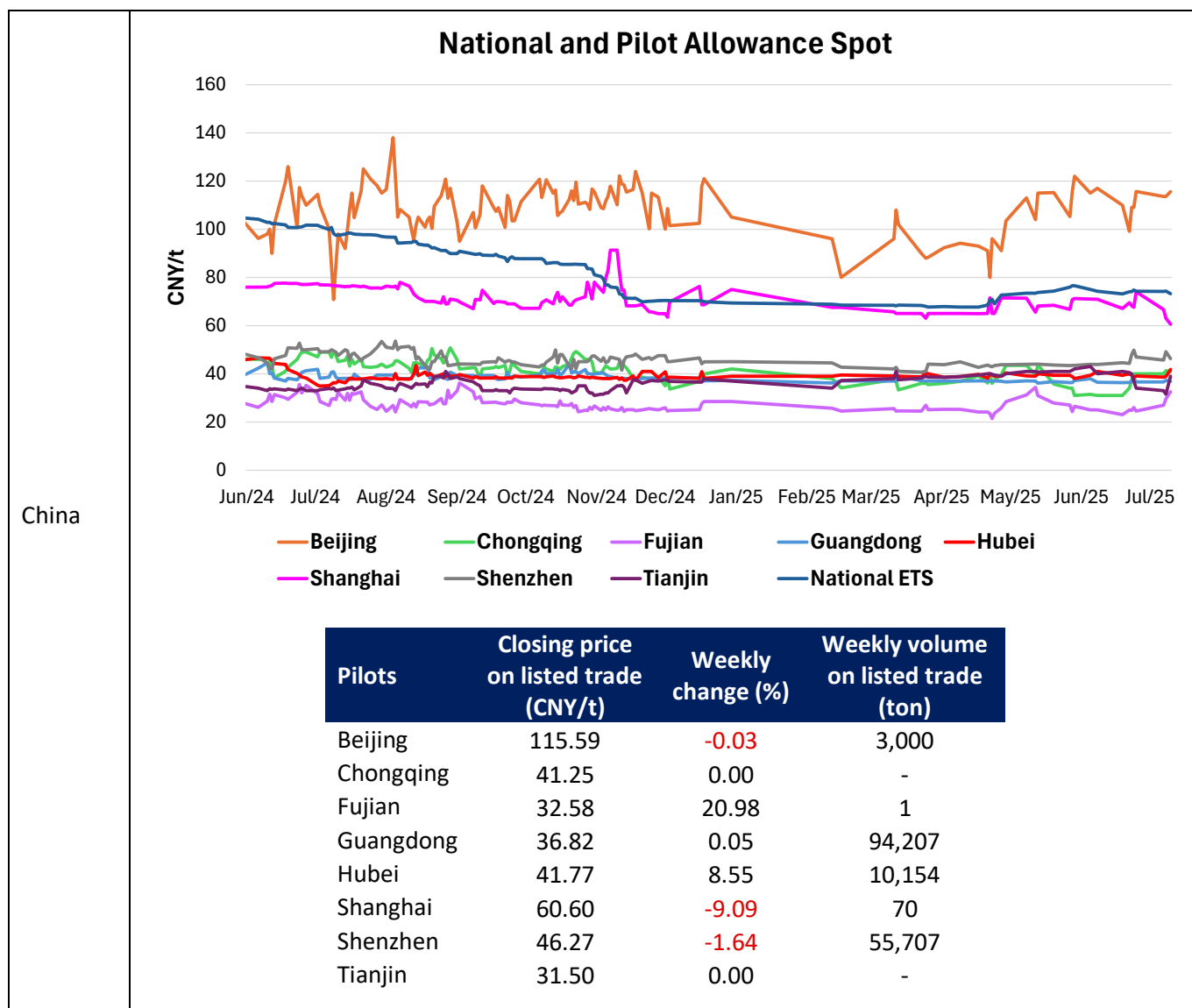
## Special Coverage: Continued rollback on renewable energy initiatives in the US

- An executive order under the Trump administration directs the Treasury department to enforce the phaseout of tax credits for wind and solar projects that were rolled back in the budget bill passed by Congress and signed into law last week. It also directs the Interior department to review and revise any policies that favour renewables over other energy sources, marking a significant rollback of clean energy incentives previously expanded under the Inflation Reduction Act. Both agencies are required to submit a report to the White House within 45 days detailing actions taken.
- The One Big Beautiful Bill Act effectively ends renewable energy tax credits after 2026 if projects have not started construction. Wind and solar projects whose construction starts after that must be placed in service by the end of 2027. This is likely to trigger a rush to start construction on wind and solar projects before the phaseout dates, as developers seek to lock in existing credits. It may also raise project costs, potentially leading to higher electricity prices and greater reliance on imported components, especially from China. Stricter rules and compressed timelines also introduce significant uncertainty for project developers and investors.
- The rollback is expected to undermine US manufacturing growth in renewables and slow its progress towards decarbonisation goals, as manufacturers are less likely to invest in new wind and solar facilities. This can accelerate China's clean energy export dominance and create new opportunities for ASEAN countries to attract investment and technology transfer as global supply chains adapt to shifting US climate policies.

## Carbon Markets: Weekly Overview

ETS markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	70.55	-1.6%	71.67	70.39
China ETS (CNY/ton)	73.21	-1.2%	74.78	73.21

Market	Commentary	
EU ETS	<p>EU ETS prices saw a 1.6% weekly loss, as the Trump administration's latest tariff announcements did not affect gas and EUA prices significantly. The coming summer holidays in August for European countries and September compliance deadline could inject some bullishness in the near future.</p>	<p><b>EU ETS</b></p> 
China	<p><b>National ETS:</b> Prices fell by 1.2% to CNY 73.21/t, with both listed and OTC trading volumes declining from the previous week.</p> <p><b>CCER:</b> The CCER transaction price range was CNY 83.47-88.48/t last week, with 78,846 tonnes traded. The issuance of the second batch of CCERs will be key to improving CCER market liquidity.</p> <p><b>Pilot ETSs:</b> The pilot ETSs traded 163,139 tons, down 46.67% from the previous week. The Guangdong pilot ETS accounted for the largest share of traded volumes across all pilot markets again.</p>	<p><b>China ETS</b></p>  <p><b>China CCER</b></p> 



Source: Refinitiv Workspace, Carbon Pulse

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